GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Finance Department - Budget - Budget Estimates 2023-24 – Comprehensive instructions for the preparation of Budget Estimates and on-line submission –Issued.

FINANCE (BUDGET-I) DEPARTMENT

G.O.Ms.No.207 Dated: 28 -11-2022.

ORDER:

The Annual Budget of the State Government for the financial year 2023-24 will be presented to the Legislature during the month of February/March of the current financial year and the process of formulation of Budget Estimates for 2023-24 will have to be completed by end-January 2023. The Heads of Departments & other Estimating Officers have to prepare and submit the Budget Estimates for FY 2023-24, as per Para 13.19.1 of A.P. Budget Manual and as per the instructions given in this order.

2. The proposal for the Budget Estimates 2023-24 has to be furnished through the website **herb.apcfss.in**. The Estimating officer shall furnish proposals for the Revised Estimates for **2022-23** and Budget Estimates for **2023-24** under all categories of Heads. The controlling officers can access **herb.apcfss.in** with the username and password provided by the Finance Department.

REVISED ESTIMATES 2022-23

3. The Revised Estimates for 2022-23 should be prepared as realistically as possible with reference to the following, instead of repeating the previous year's budget figures in a routine way.

(i) the progress of expenditure during the first (8) eight months of the financial year;
(ii) the expenditure likely to be incurred during the remaining months of the financial year;
(iii) the additional funds proposed to be obtained as Supplementary Grants;
(iv) the re-appropriation or resumption of funds already made or proposed to be made;
(v) the new schemes sanctioned during the course of the current financial year;
(vi) the new heads of account opened during the year either for booking expenditure on new schemes or for accommodating any adjustments and the new heads of account opened while distributing existing lump sum provisions; and
(vii) any other relevant factors that will materially affect or have a bearing on the expenditure during the financial year.

4. In short, the revised estimates should represent the anticipated final expenditure of the year, with reference to all relevant post-budget developments, and should closely correspond to the actual expenditure. As the closing balance of the year is calculated with reference to the revised estimates, any significant variation between revised estimates and actual expenditure would upset the Ways and Means forecasts. On account of financial constraints, the Revised Estimates for F.Y.2022-23 in the aggregate should not normally exceed the Budget Estimates 2023-24.

BUDGET ESTIMATES 2023-24:

5. All Heads of Departments and Estimating Officers should personally ensure that estimates are prepared with utmost care, taking into account all aspects that are normally available at the time of estimation so as to avoid instances of huge variations between estimates and actuals. The budget estimates of expenditure should be prepared as accurately as possible so that the amounts proposed for each function, programme or scheme does not turn out to be either excessive or inadequate later on. The attempt should be to assess the precise requirements with reference to all available data. The revised estimates proposed for the current year should form the basis for preparing budget estimates for the coming year, making due allowance for any special factors. Thus, if the current year estimates provide for any non-recurring items of expenditure, a corresponding reduction should be made in the Budget Estimates for the coming year. The variations between the Revised Estimates for 2022-23 and the Budget Estimates for 2023-24 should be clearly and precisely explained in the remarks column. Otherwise any proposed increase will not be considered.

6. Preparation of Receipts:

1.Tax revenue:

1. The assumption of the Tax Revenue Receipts should be based on the current rates of Taxation, duties imposed and fees levied under relevant acts of the State Government. While arriving at the Revised Estimates for the current year over the assumptions envisaged earlier, the Estimating officers should take into account relevant factors such as the target fixed, the progress of actuals and the anticipated additional yield from measures of enhancement of existing taxes, the estimated loss of revenue account of abolition or reduction of taxes.
2. Likewise the Budget Estimates for the next F.Y. should not be merely a repetition of the Revised Estimates arrived for the current year but should take into account all relevant factors such as tax arrears to be collected, assumption of a reasonable higher growth rate in respect of tax revenue and also the performance in the previous years.
3. Heads of departments may please examine and indicate the measures to the Government to augment resources.

2. Non Tax revenue:

a). Non Tax revenue as a percentage of revenue receipts is declining over the past several years. One of the major reasons for the stagnation of Non Tax revenue is lack of regular and periodic monitoring by the Administrative departments and the non-revision of user charges periodically.

b). Therefore, determined efforts should be made to set up collections under Non- Tax revenue over the present level of collections. All departments concerned should conduct a thorough review of all Non Tax revenue sources and initiate action before submitting Non Tax Revenue Estimates.

c). Similarly, efforts should be made to collect interest receipts , dividends from various Public Undertakings, Autonomous Institutions and other departmental loans

based on the terms and conditions of the loans. Based on this, the departments should furnish realistic information for inclusion of estimates in Budget. There should be a strict monitoring mechanism in the Administrative departments for achieving the targeted Estimates.

7. <u>Collection of Arrears</u>:

The Heads of Departments are requested to launch a vigorous drive for collection of arrears, as resources will have to be raised for financing the Budget, the committed expenditure of earlier plan period, the administrative expenditure and expenditure on Natural Calamities, maintenance of law and order and social welfare Measures.

i. The process involved in preparation of the Receipts Statements is as below.
   1. The Receipts related data needs to be presented in Proforma–R**.**
   2. The HoDs concerned should enter required details of the Receipts in the on-line forms provided to them for the purpose.
   3. These on-line forms come with pre-populated data, to the extent of the related receipts data available with Finance Department.
   4. The HoDs should verify the pre-populated data and make corrections where necessary and submit the forms. Where data is not pre-populated, the HoDs have to enter the data concerned. The on-line forms shall have provisions to capture the receipts details against all the relevant Heads of Accounts.
   5. If the online forms doesn't reflect HoAs for any of the receipt types or require modification in description etc., they shall immediately approach Finance (Budget) Dept for incorporating necessary changes. All HoDs shall ensure that proper projections are made against all receipt HoAs with appropriate descriptions.
   6. After submission of the on-line forms by the HoDs, the Secretaries concerned shall scrutinize and certify on-line, the Receipts Statements of the HoDs under their administrative control.

ii. The budget estimates for receipts should be prepared based on the existing rates of taxes, duties and fees, etc. and no increase or reduction in such rates which has not been sanctioned by the government should be proposed.

iii. In addition, arrears of collections which are likely to be collected in the current year are also to be projected.

iv. All the HoDs may explore new base for improving their receipts and curb the leakages from bottom to top level by strict vigilance and improve the performance of the employees by fixing required personal performance indicators at each level.

8(A). Preparation of Administrative Expenditure:

The Administrative Expenditure Statements include the following on-line forms and the Heads of Department/ Drawing and Disbursing Officers should access the Administrative Expenses tile.

1. Details of the office buildings to capture the budget for DH 140- Rents, Rates and Taxes and SDH 141- Rents, Rates and Taxes
2. Details of the hired vehicles to capture the budget for DH 130- Office Expenses and SDH 134-Hiring of Private Vehicles
3. Details of the Government Vehicles to capture the budget for DH-SDH 240- Petrol, Oil and Lubricants – 241-Charges towards Office Vehicles and also the DH-SDH 510- Motor Vehicles – 511-Maintenance of Motor Vehicles
   i. Details of the items of expenditure included, detailed reasons together with figures should be furnished along with the actuals for the past three years in respect of each item. Wherever arrears are included, detailed reasons together

with figures would be furnished.

ii. Drawing and Disbursing Officers/Heads of Departments should take special care to ensure that the utility charges are calculated in accordance with the latest rates and adequate provision is made to meet their pending and future liabilities.

iii. The provision for purchase of motor vehicles shall be supported by specific sanction order from the government and the provision for maintenance of motor vehicles shall be supported by statement from the HoD.

iv. The Detailed Head/Sub Detailed Head 130/133. Water and Electricity Charges will be discontinued from Financial Year 2023-24. Government has decided to divide water and electricity charges into two and kept under new object heads as follows.
1. Water charges – 200/208.
2.Electricity charges -200/209

v. All Estimating officers are informed that Budget for 2023-24 towards Electricity charges under DH/SDH 200/209 shall be provided in Energy Department only and Budget for 2023-24 towards Pleader fees under DH/SDH 280/281 and Honorarium to law officers working in District offices shall be provided in Law Department only.

8(B) : Preparation of Schemes Expenditure Statements

i. The process involved in preparation of the Schemes Expenditure Statements is as below.
   1. The HoDs concerned should enter required details of the schemes expenditure in the on-line forms provided to them for the purpose.
   2. These on-line forms come with pre-populated data, to the extent of the related expenditure data available with Finance Department.
   3. The HoDs should verify the pre-populated data and make corrections where necessary and submit the forms. Where data is not pre-populated, the HoDs have to enter the data concerned.
   4. The on-line forms shall have provisions to capture all required data regarding Navaratnalu, Manifesto Schemes, Centrally Assisted State Development Schemes (CASDs), Externally Aided Projects (EAP), NABARD Projects and State Development Schemes (SDSs).
   5. After submission of the on-line forms by the HoDs, the Secretaries concerned shall scrutinize and certify on-line.

ii. **The Schemes Expenditure Statements include the following on-line forms**.
   1. Details of Navaratnalu being or to be implemented by the HoD concerned (with all relevant Heads of Accounts)
   2. Details of Manifesto Schemes being or to be implemented by the HoD concerned (with all relevant Heads of Accounts)
   3. Details of Centrally Assisted State Development Schemes (CASDs), being or to be implemented by the HoD concerned (with all relevant Heads of Accounts)
   4. Details of Externally Aided Projects (EAP), being or to be implemented by the HoD concerned (with all relevant Heads of Accounts)
   5. Details of NABARD Projects, being or to be implemented by the HoD concerned (with all relevant Heads of Accounts)
   6. Details of State Development Schemes (SDSs), being or to be implemented by the HoD concerned (with all relevant Heads of Accounts)

iii. The department shall identify the Centrally Sponsored schemes which can be dovetailed with the priority programmes of Government. Further, the main activities for which the CASP schemes will be utilized shall be clearly spelt out while submitting the proposals. Prior Finance concurrence will be necessary for submitting the proposals to Government of India under CASP schemes. Wherever the programmes are dovetailed with the State Schemes, the department shall come out with clear action plan to demarcate the beneficiaries chargeable to CASDs and related SDS.

iv. The HoDs shall review the eligibility and financial assistance under welfare programs, technical assistance schemes, operation and maintenance costs, developmental and economic support programs, etc. with a view to bring about greater efficiency in deployment of limited resources and more effective coverage to achieve targeted outputs and outcomes. Provision for CSS schemes should be based on the last year's actual release to the State or the approved action plan whichever is lower, and not on hypothetical figures. In such cases, it is necessary to indicate specifically whether the entire amount or only a part of the amount is reimbursable from these agencies and whether this amount has been taken credit in their estimates of Revenue.

v. No department shall make provision under detailed head 010 towards salaries under CASP schemes.

vi. Adequate budget provision should be made for the RIDF schemes which are approved by the NABARD.

8(C) Preparation of Works Expenditure:

i. The State Government is bestowing focus on the infrastructure facilities in primary sectors such as Housing, drinking water, Education, Health, Roads and Transport, which improve the living standards of the people and facilitate speedy industrialization of the state economy. To achieve these goals, the ***Capital Budget*** shall be prepared keeping in view the following.
   1. Capital Budget proposals must be based on mission goals, medium term development objectives, and service delivery benchmarks.
   2. Prioritization of financing options shall be Public-Private Partnership /CASDS / SDPs / EAP / NABARD / HUDCO etc.

ii. All the Chief Engineers are requested to give full information in the prescribed online proforma

iii. No bill shall be permitted to be uploaded for works which are not uploaded in the said proforma.

iv. No works shall be executed unless sufficient Budget provision is available.

v. The Chief Engineers / Administrative Departments should not forward proposals for any new works along with the budget proposals, unless orders have been issuedby the Government.

vi. The information connected with the Works Expenditure as furnished by the Chief Engineers / Administrative Departments has to be verified and validated by the Director Works Accounts, AP.

vii. No Budget will be provided unless the details of works are uploaded in the budget portal.

9. Review of Ongoing schemes:

There is an imperative need to have closure scrutiny of ongoing schemes in terms of priority, costs, suitability and outcomes and the schemes which have outlived their utility must be closed down and the existing staff created under the scheme, if any, be transferred to other schemes. In this context, the ongoing schemes will be carefully considered and a decision will be taken as to whether:

a. To continue with a scheme
b. To discontinue the scheme altogether
c. To continue with the scheme with lower allocation

In cases where a scheme is discontinued, the Administrative Department will have the option to utilize the saved amount for another scheme to be formulated in consultation with Finance Department. The funds allotted in the Budget shall be utilized only for the projects uploaded while submitting Budget Estimates.

10. In this exercise, after critical review some schemes may have to be wound up and some others merged with or transferred to the activities of other Departments. In order toensure effective and optimum utilization of resources, it is necessary to observe economy in expenditure and also avoid such expenditure which does not result in benefits commensurate with the expenditure. The HoDs and other Estimating Officers are therefore, advised to analyze the expenditure incurred on all non-salary items and save at least 20% of the expenditure for the next financial year**.** For any deviation in this regard they must provide adequate justification. They are requested to frame the Budget Estimates 2023-24 accordingly, keeping in view the above measures.

11. Sub-Plans for Scheduled Castes, Scheduled Tribes, Minority Welfare and Backward Classes:

All Estimating Officers are informed that the separate screen are developed for all sub plans for SCP, TSP, BC and Minority. After filling up the details by the concerned departments, the Social Welfare Department, Tribal Welfare Department and BC Welfare Department, which are Nodal agencies for SCSP, TSP and BC Sub-plans respectively, shall review the projections and propose changes wherever necessary.

12. Gender Budget: The Gender Budget Document is being published since 2021-22. The Gender Budget Statement aims at Consolidation and analysis of overall budgetary resources that the Government of Andhra Pradesh allocates and spends on programmes and schemes that benefit women directly as well as indirectly. Therefore, to accompany the budget submissions for the Financial Year 2023-24, all Departments are required to prepare and submit a Gender Budget Statement in the prescribed online format. This Gender Budget Statement is to be prepared in two Categories - 1. reflecting schemes that are 100%targeted towards women and girls beneficiaries; 2. reflecting Pro-women and girl schemes in which 30 to 99% allocations are towards women and girls.

13. Child Budget: The Child Budget Statement aims at consolidation and analysis of overall budgetary resources that the Government of Andhra Pradesh allocates and spends on programmes and schemes that benefit children (0-18 years). Therefore, to accompany the budget submissions for the Financial Year 2023-24, all Departments are required to prepare and submit a Child Budget Statement in the prescribed online format.

14. The WCD&SC department which is nodal department for general budget and child budget shall review the projections and propose changes wherever necessary.

15. Disclosure Statements required under AP FRBM Rules 2006:

As per rule 6(1) of APFRBM Rules, 2006, the state government shall at the time of presenting the Budget make following disclosures as required under Section 10 of APFRBM Act2005.

i. Form D-7 Statement of Assets – Accesses is given to DDOs/HoDs
ii. Form D-8 Tax Revenues raised but not realized – Accesses is given to HoDs of Revenue earning departments
iii. Form D-9 Statement of Miscellaneous liabilities outstanding – Accesses is given to HoDs of Works Departments
iv. All the DDOs/HoDs are therefore requested to furnish the relevant information in the prescribed Online Proforma along with the Budget Estimates 2023-24 invariably as these statements have to be presented to the Legislature.

16. **<u>Special Points</u>:** The attention of all Secretariat Departments, Head of the Departments and Estimating Officers are invited to the following special points:

a. New engagement of consultants, outsourcing and engagement of retired Government employees shall be restricted and prior concurrence of Finance Department would be required for the purpose. All the departments are advised to critically review the necessity of continuing permitted number of Outsourcing of Staff and see if the purpose can be served by reducing the number. No further support staff shall be proposed by the departments unless absolutely necessary. While furnishing the requirements, the CCOs has to provide necessary information like, Name of the Project/scheme, Duration of the Scheme, Category of post, number permitted, permissible remuneration and Sanction of Order.

b. No provision should be made in the Estimates for any item of expenditure for which no sanction of government exists.

c. Estimation of Budget under Object Head Salaries is based on sanctioned establishment strength and scales of pay but some of the departments have failed to realistically assess the requirement of their funds under the Object Head Salaries resulting in either substantial savings or additional requirement of funds.

d. The estimates of establishment charges are to be framed taking account the trend over preceding years and other factors.

e. There have been instances when supplementary Demands of Grants were taken by the Departments to incur expenditure on certain schemes were utilized but actual expenditure incurred was less than the Original Budget Estimates at the end of the financial year. The department will ensure that the entire funds so projected will be utilized during the financial year.

f. Re-appropriation of funds were taken by the department but were not able to utilize even their original budget estimates. There were also cases where the actual expenditure at the close of financial year was found either in excess or short of budget provision. To avoid such situations, it is for the departments to have a realistic view of its requirement of funds.

g. The wide variations between the original budget estimates and the actual expenditure incurred implies that the departments have not been able to properly anticipate/assess and project a realistic requirement of funds. Unrealistic assessment of funds is not conducive to a proper budgeting system and it invites adverse comments from Audit.

h. Purchase of Motor Vehicles: A total ban on purchase of new vehicles except Emergency Service Departments has been imposed under this item of expenditure.

i. The HoDs/ Estimating Officers shall ensure that sufficient provisions are made under the detailed head “300-Other Contractual Services” towards payment of remuneration to the persons appointed on contract/outsourcing basis. They are requested to furnish the relevant orders issued by the competent authority for engaging the persons on contract/outsourcing basis while proposing provision in the Budget.

j. The full details of pending bills shall be collected and priority be given for allocation of funds for these pending bills.

k. The provision required for payment of “hiring charges of Private Vehicles” shall be made under the sub detailed head “130/134 - Hiring of Private Vehicles” based on the sanction orders. No provision shall be proposed under this head without specific sanction from the government for hiring of private vehicles for the department for a specific period**.**

l. Provision for non-recurring items (furniture, equipment, Purchase of office peripherals etc.) of expenditure should not be repeated merely on the basis of average expenditure for the previous years, but should be restricted to the actual requirement.

m. Departments are requested to indicate the future expenditure commitments on account of the major policy changes made by the government in the financial year 2021-22, along with estimates of 2022-23.

n. Restructuring of existing schemes should be done. For instance, Department may like to discontinue or merge the schemes having annual outlay of Rs.5.00 Cr or less. Schemes with similar objectives should be clubbed together to avoid overlapping. No new State scheme be formulated if similar objectives are covered under any Centrally Sponsored Scheme.

o. It has come to the notice of Government that substantial amounts are being surrendered and the departments have approached Government for provisions of additional funds for certain items which they had not originally anticipated in the very first quarter of the financial year. Instances have also come to the notice of Government where the Departments have spent a major portion of the entire Budget provision within a couple of months and have approached the Finance Department for additional allotment. Therefore, Budget Estimates have to be prepared with due care and forethought. Proposals should not, therefore, be based on hypothetical estimates but must be worked out on the basis probable and realistic requirement of funds.

p. Principal Accountant General has pointed out that many of the Departments are making provision under the Minor Head 800 - Other Expenditure' under the functional Major Head as a result of which correct nature of expenditure is getting lost. Hence, in order to bring transparency to the nature of expenditure, it has recommended that such a practice has to be discontinued forthwith. Departments while sending the proposal for Budget 2023-24 to Finance Department, has to judiciously examine the nature of expenditure and classify the expenditure under an appropriate Minor Head.

q. All kinds of Committed Expenditure like Subsidies, Maintenance, Social Security Pensions etc., are to be completely provided for. The concerned departments have to furnish the detailed calculation sheet in support of their calculation. It should contain the number of beneficiaries and unit cost etc. in support of the calculation. This should also be sent along with the estimates of 2023-24.

r. The departments should be submitted detailed notes and working sheets for the expenditure Rs.10.00 cr and above.

17. Scrutiny of estimates by the Administrative Department of Secretariat: The Administrative Departments of Secretariat are requested to scrutinize the estimates of Departments under their control and forward to this Department with their comments thereon. The object of examination by the Administrative Departments is to detect excessive or inadequate provision in the Revised Estimates and Budget Estimates which they are in a position to do in the better way in view of their more intimate knowledge of working of Departments under their administrative control. The Departments are requested to send proposals for Revised Estimates 2022-23 and Budget Estimates 2023-24 against each sub-detailed head.

18. The Secretariat departments/HoDs shall ensure submission of relevant documents/orders in support of the budget estimates proposed by them.

19. Date of submission of Estimates through online: **The new software (herb.apcfss.in) is enabled and link provided in AP Finance Department portal**. Therefore, the Heads of Departments and Estimating officers should submit the Estimates to the Administrative Departments of the Secretariat concerned in **herb.apcfss.in** by **10.12.2022**. The Administrative Departments of Secretariat shall forward the estimates with their comments to the Finance Department latest by **12-12-2022**.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SHAMSHER SINGH RAWAT
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
All Departments of Secretariat.
All Heads of Departments and Estimating Officers.
The Registrar, High Court Judicature, Andhra Pradesh at Amaravati.
The Secretary to Governor, Raj Bhavan, Vijayawada.
The Secretary, APPSC, Vijayawada.
Copy to : All Officers in Finance Department.
The Chief Executive Officer, APCFSS,
Ibrahimpatnam All Finance Sections,.
PS to Hon'ble Chief Minister.
PS to Chief Secretary to Government.
PS to Hon'ble Minister for Finance.
PS to Spl.C.S / Prl. Secy (HR)/Secy. (RM&FP)
/Secy.(B&IF), SF/SCs

//FORWARDED :: BY ORDER//

SECTION OFFICER